

FISCAL NOTE

Bill #: HB0670

Title: Revise youth access to tobacco laws, raise license fees and civil penalties

Primary Sponsor: Buzzas, R.

Status: Second Reading

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

FY 2004 Difference

FY 2005 Difference

Expenditures:

State Special Revenue

\$107,975

\$107,975

Revenue:

General Fund

(\$3,975)

(\$3,975)

State Special Revenue

\$107,975

\$107,975

Net Impact on General Fund Balance:

(\$3,975)

(\$3,975)

- | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Significant Local Gov. Impact
<input type="checkbox"/> Included in the Executive Budget
<input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Technical Concerns
<input type="checkbox"/> Significant Long-Term Impacts
<input checked="" type="checkbox"/> Needs to be included in HB 2 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Fiscal Analysis

ASSUMPTIONS:

DPHHS - Addictive and Mental Disorders Division

1. The Department of Public Health and Human Services (DPHHS) currently performs inspections on 3,000 vendors per year. The non-compliance rate is estimated to be 23 percent, or 690 vendors.
2. There is no penalty for first time violations, penalties of \$1,000 for second offenders and \$5,000 for third time offenders.
3. Based on current information, it is estimated that 15 percent of the estimated 690 non-compliance vendors, or 104 inspections, will result in penalties for second offense, and none for a third offence.
4. DPHHS retains 50% of the penalty revenue for enforcement of the bill and the Department of Revenue (DOR) receives 50% to offset the cost of revocation or suspending retailer licenses. Enforcement activities would include contracted services of on-site inspections of vendors and vendor education.
5. The estimated penalty revenue to DPHHS and DOR would be \$52,000 each (104 inspections x \$1,000 x 50 percent = \$52,000).
6. Based on FY2002 activity, total enforcement fine revenue will be \$3,975. During FY2002, 159 fines were issued at \$25 per fine (159 x \$25=\$3,975). A total of \$1,988 will be deposited each to the enforcement account at DPHHS and the DOR (159 fines x \$25 x 50 percent = \$1,988). It is assumed that the number of enforcement fines would remain the same in FY2004 and FY2005. Under current law these funds are deposited to the state general fund which will receive \$3,975 less.

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7. Total revenue to DPHHS is estimated to be \$53,988 (\$52,000 penalties + \$1,988 enforcement fines = \$53,988). These revenues will be used to fund enforcement activities.

<u>FISCAL IMPACT:</u>	<u>FY 2004</u> <u>Difference</u>	<u>FY 2005</u> <u>Difference</u>
<u>Expenditures:</u>		
Operating Expenses - DPHHS	\$53,988	\$53,988
Operating Expenses - DOR	\$53,987	\$53,987
<u>Funding of Expenditures:</u>		
State Special Revenue (02)	\$107,975	\$107,975
<u>Revenues:</u>		
General Fund (01)	(\$3,975)	(\$3,975)
State Special Revenue (02)		
DPHHS	\$53,988	\$53,988
DOR	53,987	\$53,987